G. R. S. App. F. IX-4]

File No. 15-41
Serial Nos. 7 to 23

Previous References.
RS. 46-00-44
R.M. 21-29-44

Later References.
RS 50-00-42
" 40-00-42
" 70-00-42

194/ -
(RS.)

PRESERVED

GENERAL AND REVENUE SECRETARIAT

Serial Nos. 2

122.

Part B for August 42

SUBJECT.

Amendment of the Bye-laws 28 of the Mysore Central Cooperative Land Mortgage Bank Ltd & re: the raising the limit of debentures of the Bank

(Sc 23) To
The Registrar of Cooperative Societies
& Comptroller
No A7 1425-6 dy 29-8-42

Approves the —

Sec
10/9

General and Revenue Secretariat — File No. 15 of 1941. [App. F. III—2

Serial No. 7

Letter No 10227/Co. dated the 28th July 1942 from the Registrar of Cooperative Societies in Mysore requesting sanction to the amendment of the bylaw No 28 of the bylaws of the Mysore Central Cooperative Land Mortgage Bank Ltd raising the limit of debentures ~~for~~ raised by the Bank from Rs twenty lakhs to Rupees thirty lakhs.

1) It is submitted that the Bank has been allowed till now to raise six series of debentures. The Bank has actually raised debentures only in the first five series. There is ~~a balance~~ a balance of Rs 33700/- in the ~~sixth~~ fifth series itself to be issued and subscribed for. The sixth series of debentures sanctioned for Rupees five lakhs is not yet open for subscription.

2) From a copy of report of the Bank for the year 1940-41 it is seen that out of the five series of debentures already issued, the Bank has redeemed during the year 1940-41 a sum of Rs 1,32,700/- out of the first two series according to the terms of the bond which give the option to the Bank to redeem the debentures after ten years from the date of issue. Out of the first and second series of debentures the Bank has a debenture of Rs 85800/- and Rs 62500/- respectively which it can redeem by about 1944 if it chooses to do so.

3) New debentures issued by the Bank are guaranteed

× Page 39 of the report printed R. below.

NOTE—Contn. Sheet.

WD 04155—GPB—55,000—23-10-41

2

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by Government both for principal and interest and except in the sixth series, are free from income-tax

4) Thus out of the permissible limit of Rupees twenty Lakhs of debentures, the Bank has now issued by the end of June 1941 a sum of Rs 1299700/- (exclusive of Rs 132700/- redeemed out of the first series and Rs 33700/- to be subscribed for in the fifth series) and can issue debentures of the value of Rs 700300/- (inclusive of the amount of Rupees five Lakhs contained in the sixth series) to make up the limit of Rupees twenty Lakhs. If the Bank were to pay to redeem the debentures of the first and second series raised at 5% and 4½% annuities ~~by~~ gradually to Rs 148300/- by about 1944 in accordance with the terms of the bond (as has been done till now) also this sum will be available for re-issue. Even if the Bank were to throw open for subscription the sixth series of debentures of Rupees five Lakhs and even if all the debentures are fully subscribed for (which will take at least about two years), there will still be available a sum of Rs 200800/- (exclusive of Rs 148300) or a sum of Rs 348600/- (inclusive of Rs 148300/-) for re-issue by about the end of 1944 without going outside the limit of Rupees twenty Lakhs fixed by Government.

2

Serial No.

5) According to the report of the Bank for 1940-41 there were 52 L.M. societies at the end of the year. Even if the operations of the L.M. scheme are extended throughout the State, not more than 28 or 30 additional societies may be needed, during a period of three years at the most. Throwing open for subscription the sixth series of debentures of the value of Rupees five lakhs, already sanctioned by Govt and if necessary a further issue of Rs 200300/- or Rs 348600/- as the case may be later may not be considered insufficient to meet the demands of both the old and new societies. The Bank cannot put off the formation of a sinking fund indefinitely and may have to begin it from at least 1944. Regular recovery of the loans issued, redemption of the high rated debentures gradually as and when possible and the reissue of a further series of debentures so as to be within the limits already sanctioned by Govt may perhaps be resorted to by the Bank. If, after these efforts, it is still found that the Bank cannot meet the demands, the question of adopting the amendment raising the limit to Rupees twenty lakhs may perhaps be taken for consideration after 1944.

6) The question of raising the limit of the

NOTE—Contn. Sheet.

WD 04165—GPB—55,000—23-10-41

6

3193

File No. 15 of 1941. | General and Revenue Secretariat.

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issue of the debentures requires the concurrence of the Finance Department as the debentures are guaranteed by Govt both for principal and interest. Submitted for orders

28/3/42 30/3 7) There seems to be no urgent necessity for increasing the limit of loan that can be raised by the Board to 30 lakhs, just now. Even the fifth series of debentures is not yet fully subscribed for, and afterwards there is the sixth series of 5 lakhs available that could be raised. So the needs of the Board for additional resources will be fully met for sometime to come. A reply may perhaps be sent to the Registrar to the effect that it is not necessary to effect the amendment just at present and that it may be resubmitted for consideration when 60% of the Sixth series of debentures will have been subscribed for.

Genl Secy) 22/4/42

GENERAL SECRETARY. 22 APR. 1942

8) In case, the limit is increased to 30 lakhs, is it necessary that Govt guarantee the principal

Serial No.

& interest on the additional Rs 10 Lakhs.
Please send me a copy of the Bye-laws of the Society

23/11/32

23/11/32

9) A copy of the by-laws of the society is sent herewith. As regard the guarantee by Govt, to the debentures raised by the Central L.M. Bank it is sent that Govt guaranteed the debentures only as ten Lakhs in the first instance as per G.O dated 4-12-29. With the issue of the first series of debentures, the guarantee for the ten Lakhs of Rupees was fulfilled. But the guarantee was however continued in the case of the issue of the fifth and sixth series of debentures of the value of Rupees ten Lakhs. Thus Govt have guaranteed principal and interest in all the six series to the tune of Rs twenty Lakhs. It is not however obligatory to Govt to guarantee the principal and interest. But the chances of subscription for the debentures without Govt guarantee are very remote. The Bank is an institution heavily subsidised by Govt and if Govt subsidy is withdrawn it is doubtful if it can stand on its own legs. Whether Govt allow the Bank to raise the limit of the issue of debentures, they will be morally bound to guarantee the

for necessarily
NOTE—Cont. Sheet.

6 5193

File No. of 194 .

General and Revenue Secretariat 5187

Serial No.

principal and interest for the further crores because of having done so for the previous ones in just the same way as they raised the limit of guarantee from Rs ten lakhs to twenty lakhs.

Submitted for orders

24/5/47 (b) Provisions regarding Mr. 25/5 debentures are found in Bye-laws 28 to 37. In these, it is now laid down that the debentures raised by the Land Mortgage Bank should always be guaranteed by Govt for principal and interest. Moreover, when the Bank was first authorised in 1939 to issue the first series of debentures, the payment of principal and interest was guaranteed by Govt to the extent of the first ten lakhs only. Hence it is now obligatory that Govt should guarantee the payment of principal & interest to promise on the additional ten lakhs for which amendment of Bye-law no 28 is now sought

(Govt Secy) 31/5

(c) The amendment proposed may be approved. It may perhaps be desirable to inform the Bank whether the Govt will guarantee the principal

file no. 1 for 18 & 46 re. issue of debentures asked to be put up.

put up on 28/5/47

GENERAL SECRETARIAT 3 JUNE 19 7787

Serial No.

I mind, in case the Bank should float debentures to the extent of the increase now permitted. This may perhaps be decided when the Bank comes forward with proposals to float a debenture loan, in excess of the present authorised limit of 20 lakhs

Edn minister through DC Ag

3/6/42

3/6

(12) Under the present controlled condition of the war economy of prices of finances, the question of enhancement of the limit so far ahead allowed for floating guaranteed debentures requires to be dealt with very great care if we are not to land themselves in the years to come in a financial morass of operations. I will add my views when the Govt is raised. For the present a review of the working of the prospective position has also to be undertaken so that a forecast for the next three years at least could be made to show how the working results of operations are expected to stand in respect of loans already granted

The Registrar with Mr Ag DC's compliments to the Govt

9/6 9/6

(13) 12.6 WD 04155—GPB—55,000—23-10-41

12.6 Govt

13/6 13/6

SECRETARIAT U.O. No. File 7334 5 JUN.

OFFICE OF THE MINISTER FOR EDUCATION Date 11-6-42 No. 6336

NOTE—Contn. Sheet.

6

3193/AF

CS File No. 15

Is this not a Council case — h 17/8

As the question as to one is only amendment of Bye-law no 28, this does not seem to be a Council case —

(Govt Secy) 12/8/42

14) Off Rec for advice 13/8/42 WN

AF 6826 8.12.42 To Regr Pltg for E Min's Mtg for 8th Decbr 42 with Regr Recs.

16) This matter was discussed at a ; Registrar of Co-operative Societies, Kuppuswamy Iyengar and the Financial the Minister's Chambers. The note given by Mr. Kuppuswamy Iyengar is placed in the file. It will be seen that the net undischarged debenture stands at Rs. 15,13,500 and out of this Rs. 85,800 will be discharged in 1943 by which time the question of sinking Fund will come under review. The proposed amendment really involves that the Bank might under present conditions go up to a limit of another 15 lakhs over and above the net debenture now redeemable, and this will not operate to the disadvantage of Government to any considerable extent more than what we already stand committed for and hence I have no objection to the matter being considered.

OFFICE OF THE MINISTER FOR EDUCATION
Date 15-8-42
No. 892

14/8/42

(Edn Minister) 14/8

17) The proposal of the Bank to open Sanchaya Drafts 17/8 MD/17-8-42 19/8

3193/AF

C

Serial No.

Dy Supdt submits for advice
20/8/42

Disposal for
file 3188
on 27/8/42

19) Done
26
21/8

23 AF 14256 A. 29.8.42 To the Regr. of Cs & Comptroller
Approves the Byelaw No. 28 of the Byelaws of the
M.C.C. L.M. Bank Re. the Enhancement of the limit of
borrowing by the Bank.

-2 SEP 1942.
TREASURY BRANCH

NOTE—Contn. Sheet.

WD 04165—GPB—55,000—23-10-41

3193

No. 10227 C. S.

GOVERNMENT OF MYSORE.

DEPARTMENT OF CO-OPERATION

Telegraphic Address
"CO-OPERT"
Bangalore.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES
IN MYSORE,

Dated Bangalore, 28th February 1942.

C.S. 15-41-7

FROM

M. ABDUL HUKH, ESQ., B.A.,
Registrar of Co-operative Societies in Mysore,
BANGALORE.

To

J. Appaji Gowda, Esq., B.A.(Hons.),
General Secretary to Government,
Bangalore.

GENERAL SECRETARY
3- MAR 1942

1942
FOREST BRANCH

Sir,

I have the honour to forward herewith a statement showing byelaw No.28 of the byelaws of the Mysore Central Co-operative Land Mortgage Bank, Ltd., Bangalore City, as it stands at present and as it stands after the amendment to it passed at the general meeting of the Bank held on 26-10-1941 and to state as follows:

According to this byelaw, and also G.O.No.C.11438-44/Sany. 10-4-1928, the total debenture loan that may be raised by the Bank is limited to Rs.20/- lakhs. The Bank has already issued debentures to the extent of Rs.14,66,100/- in the first five series and Government have authorised the Bank to issue an additional Rs.5 lakhs of debentures in the sixth series. With the rapid expansion of the lending area of operations of the Bank and the demand for loans by the agriculturists, the limit of 20 lakhs is insufficient to meet the growing needs of the Bank. It is therefore necessary to raise it to at least five crores of rupees in the long run, considering that the agricultural indebtedness of the State is not less than thirty crores of rupees. For the present however it is enough if it is raised to Rs.30 lakhs. I may add that the Madras Central Land Mortgage Bank has been authorised to raise debentures up to 3.5 crores of rupees the whole of which is guaranteed by Government.

In these circumstances, I recommend that the amendment passed at the general meeting may be registered under Section 11

of the Mysore Co-operative Societies Act, read with Section 53 of the same Act.

I have the honour to be,
Sir,
your most obedient servant

Registrar

KH

Statement showing byelaw No.28 of the byelaws of the Mysore Central Co-operative Land Mortgage Bank, Ltd., Bangalore City as it stands at present and as it stands after the amendment to it passed at the general meeting of the Bank held on 26-10-1941.

As it Stands at present

Byelaw No.28:- Subject to byelaw 17 (b) and subject to the condition that the total loan raised does not exceed twenty lakhs of rupees and subject also to the provisions contained in Section 56 of the Mysore Co-operative Societies Act of 1929, the Bank may raise loans from time to time by the issue of debenture bonds bearing interest not exceeding 6 per cent per annum and liable to be redeemed within such period not exceeding thirty years as may be prescribed by the Bank.

As it Stands after the amendment

Byelaw No.28.

Subject to byelaw 17 (b) and subject to the condition that the total loan raised does not exceed thirty lakhs of rupees and subject also to the provisions contained in section 56 of the Mysore Co-operative Societies Act of 1929, the Bank may raise loans from time to time by the issue of debenture bonds bearing interest not exceeding 6 per cent per annum and liable to be redeemed within such period not exceeding thirty years as may be prescribed by the Bank.

"C O P Y"

For Registrar.

jsp.27/2.

Appendix F G—1]

SUBJECT.....

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Section 65

File No. 15-41

Serial No. 19

Diary No. of letter replied to.....

No. A 76844

To

The Registrar bs

General and Revenue Secretariat

( )

the *19* .

Sir.

Date of issue..... 17-6-42

I am directed ~~to request you~~ make mar

~~to kindly meet~~ the Registrar he desire you

Signed by ..... M. Iyer

Emeakulam ~~in his Chambers during Office hours~~ with him to discuss the matter relating to the amendment of the bylaws of the Peyton Central Landmortgage Bank Ltd. raising the limit of the issue of debentures and raising the proportion of the liabilities to the Share capital and reserve fund. Recommended in your letter No 1022 dated 28/2/42

List of enclosures.....

Copied by .....

Examined by .....

13

2nd No 10224 dated 28/2/42

I have etc

for Secretary

GOVERNMENT OF MYSORE.

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

D. O. No. 860

OFFICE OF THE MINISTER FOR EDUCATION
Date.....
No.....

Dated Bangalore, 25th June *194* 2.

Dear Sir,

The Registrar has been requested by the General Secretary to discuss with the Minister for Education about the amendment of certain byelaws of the Land Mortgage Bank relating to the raising of the limit of debentures that can be floated by the Bank and raising the proportion of the liabilites of the Bank to the share capital and Reserve Fund of the Bank. The -- Registrar returned to headquarters yesterday evening. Now that the Legislative Council is in session and the Minister will be busy in connection with its sittings, I am desired by the Registrar to request you to be so good as to ascertain from the Minister as to whether it would be convenient for him to discuss the matter with the Registrar between 11 and 12 in the Minister's chambers and if that is not convenient, whether the Registrar could see him at the Minister's residence in the mornings.

Thanking you;

Yours sincerely,

Personal Assistant
to
Registrar.

To
Khadermohideen Esqr., B.A.
Personal Assistant to the
Minister for Education,
Bangalore.

No.D.604/L.M.25-38-2 dated Bangalore 18th July 1939.

8.7.39

Adverting to the correspondence ending with your letter No.34/38-39 dated the 2nd June 1939 regarding the formation of the Sinking Fund to redeem the debentures of the Central Land Mortgage Bank, I am directed to state that as agreed to at the meeting on 12th May 1939, the question of forming the fund may be postponed till the end of June 1943.

****

Government have directed that the formation of a Sinkin Fund in the case of the debentures of the Central Land-mortgage Bank may be postponed till June 1943. The sinking fund is meant to repay the debentures when they fall due for payment. The Bank was inspected very recently viz., on the 30th June last and it was found that the recoveries towards principal in respect of the loans issued by the Land-mortgage Bank from its inception amounted to Rs 2,68,510/- out of which Rs 1,32,700 worth of debentures of the first series carrying 5 per cent interest have been paid and the balance of Rs 1,35,810 have been utilised for the grant of fresh loans. The debentures held by the Bank on the 30th June 42 amounted to Rs 14,86,000 as detailed below:-

Sl. No.	Series.	rate of interest.	Authorised.	Subscribed.	Held at present.
1.	First	5 %	3,00,000	2,18,500	85,800
2.	second	4½ %	2,50,000	62,500	62,500
3	third	4	4,00,000	1,85,000	1,85,100
4	fourth	3½	5,00,000	5,00,000	5,00,000
5	fifth	3½	5,00,000	5,00,000	5,00,000
6	sixth	3½	5,00,000	5,00,000 ?	? 5,00,000
		Total Rs	24,50,000	16,18,700	14,86,000

Thus the Bank has actually fulfilled the condition regarding the formation of a sinking fund even though permission had bee granted to it to defer its formation till June 1943. Capital

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N O T E.

Government, in their No. G.11438-44/Sany. 30-26-7 dated 10-4-1928 passing orders about the establishment of the Land Mortgage Bank permitted the Bank to issue debentures upto Rs. 20 lakhs and accordingly, this limit has been prescribed in bye-law No. 28 of the Bank. It is not clear whether Rs. 20 lakhs permitted to be issued is inclusive or exclusive of the debentures that the Bank may redeem from time to time.

2. The Bank has so far floated six series of debentures and the details of their authorised and subscribed capital and the amounts held at present under each series are given below:-

Sl.No.	Series.	Rate of interest	Authorised.	Subscribed.	Held at present.
			Rs.	Rs.	Rs.
1.	First series.	5 per cent.	3,00,000.	2,18,500.	85,800.
2.	Second "	4½ -do-	2,50,000.	62,500.	62,500.
3.	Third "	4 -do-	4,00,000.	1,85,100.	1,85,100.
4.	Fourth "	3½ -do-	5,00,000.	5,00,000.	5,00,000.
5.	Fifth "	3½ -do-	5,00,000.	5,00,000.	5,00,000.
6.	Sixth "	3½ -do-	5,00,000.	1,80,100.	1,80,100.
	Total.	Rs.	24,50,000.	16,46,200.	15,13,500.

3. Excepting the sixth series of debentures, the remaining series are free from Income-tax. A sum of Rs. 1,32,700/- out of the First series was redeemed after the lapse of 10 years from the date of their issue The balance of Rs. 85,800/- in this series will become redeemable at the option of the Bank in 1943, commencing

from May. As these are high-rated debentures, it is proposed to redeem them.

4. So far, loans to the extent of Rs. 19,08,182/- ~~xx~~ have been actually disbursed in 1,803 cases as against a total debenture amount of Rs. 16,46,200/- raised. The balance of Rs. 2,61,982/- issued ~~actually~~ was met out of the Bank's share capital and the recoveries of loan instalments. The recoveries of loans towards principal ~~x~~ upto date amount to Rs. 2,79,325/-. Out of this, a sum of Rs. 1,32,700/- has been utilised to redeem the high-rated debentures of the first series as stated in para 3 supra. The amount of loan recoveries utilised for issue of loans is Rs. 1,46,625/- out of which Rs. 85,800/- will be utilised next year for redeeming the balance of the first series of debentures. Though Government have been pleased to waive the formation of a Sinking Fund till the end of June 1943, the Bank has practically utilised or will utilise during the course of next year almost the entire recoveries of principal ~~borrowingsxtowards balance~~ towards the redemption of the debentures. Hence the Registrar, in his Notes of Inspection dated 30-6-1942, observed that the Bank ~~as~~ has practically fulfilled the object for which the Sinking Fund should have been created.

5. The Bank has so far sanctioned loans to the extent of Rs. 19,78,782/- in 1,876 cases. In ~~6~~ 73 cases, a sum of Rs. 70,600/- has to be disbursed and

towards this disbursement, Bills in 43 cases to the extent of Rs. 43,585/- have been issued. As against this immediate demand, that the Bank has to meet, it has a credit balance of Rs. 47,383/- with the Comptroller besides the Bank balances amounting to Rs. 37,059/-. The Bank balances will have to be utilised for the payment of interest on debentures etc. and cannot be made available for the issue of loans.

6. The Bank has to issue Bills in 30 cases to the extent of Rs. 27,015/- and it is anticipated that loans to the extent of atleast Rs. 4½ lakhs will be sanctioned during the current year. To meet the demand for the issue of loans, the Bank should be able to raise debentures to the extent of atleast Rs. 5 lakhs By completing the issue of the Sixth series of debentures, the Bank will be able to raise another sum of Rs. 3,19,900/- ~~which will complete the issue of the Sixth series~~.

7. Under the above circumstances, amendment of bye.law No. 28 of the Bank to increase the prescribed limit for raising the debentures from Rs. 20 lakhs to Rs. 30 lakhs was passed by the General Body and is pending approval of Government. The permission granted to the Bank by Government in its ~~Govt~~ Order referred to ~~at~~ in para 1 supra, to issue debentures upto Rs. 20 lakhs will have to be modified and the permission - enhanced to Rs. 30 lakhs.

8. The Bank had a paid up share capital of Rs. ~~1~~ 1,38,000/- as on 30th June 1942 and a Reserve Fund of Rs. 17,536/-. According to the bye-law No. 17 (b) of the Bank, the borrowing ~~xxx~~ capacity is limited to 16 times the paid up share capital and the Reserve Fund. As per this, the Bank can now raise debentures to the extent of Rs. 24,88,576/-. It may be mentioned that the Bank mostly receives its share capital from the primary Land Mortgage Societies which subscribe only ~~to~~ 1/16 times the loan that they actually hold in the Bank but according to bye-law No. 17 of the primary Societies, they can borrow ~~xx~~ upto 20 times the paid up share capital and the Reserve Fund. In order to ~~xxxx~~ keep the borrowing capacity of the Bank at least ~~xx~~ on a par with that of the primary Societies, the amendment to bye-law No. 17 (b) has been proposed.

9. The Government of Madras have, in their Order dated 12-2-1941, ~~xxxxxxxxx~~ guaranteed the debentures of the Madras Land Mortgage Bank upto Rs. 310 lakhs, exclusive of such debentures as the Bank might from time to time redeem.

G. R. S. App. F VI—G 2]

SUBJECT .....

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Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the 193 .

Date of issue 29-8-42 193

Signed by .....

May this be—

(i) printed?

(ii) treated as a standing order?

(iii) published in the Gazette, English Part?

(iv) translated?

(v) placed at the disposal of the press?

(vi) published in the Gazette, Kannada Part?

Section

File No. 15-41

Serial No. 23

Proceedings of the Government of His Highness the Maharaja of Mysore.

Read—

Letter No 10227/Cs. dated the 28th February 1942 from the Registrar of Cs. requesting approval to the byelaw No 28 of the byelaws of the Mysore Central Cooperative L. M. Bank Ltd noted below, re the enhancement of the limit of borrowing by the Bank, as fixed by the ~~Order thereon.~~ No. general body of the Bank.

[Here enter the portion marked in brackets in the case to P.W.D. ~~Regn~~]

order A 7 1425-6 dt 29/8/42

Approved

To the Registrar Cs
The Comptroller

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

READ:-

Letter No.10227/C.S. dated the 28th February 1942 from the Registrar of Co-operative Societies, requesting approval to the byelaw No.28 of the byelaws of the Mysore Central Co-operative Land Mortgage Bank Ltd., noted below, regarding the enhancement of the limit of borrowing by the Bank, as passed by the General Body of the Bank:-

"Byelaw No.28.- Subject to byelaw 17 (b) and subject to the condition that the total loan raised does not exceed thirty lakhs of rupees and subject also to the provisions contained in section 56 of the Mysore Co-operative Societies Act of 1929, the Bank may raise loans from time to time by the issue of debenture bonds bearing interest not exceeding 6 per cent per annum and liable to be redeemed within such period not exceeding thirty years as may be prescribed by the Bank."

ORDER NO: Aग्र 1425-6/C S 15-41-23

Dated, Bangalore, the 29th August 1942.

A P P R O V E D.

K-V. Narasimha Rao

for General Secretary to Government.

To

The Registrar of Co-operative Societies in Mysore.

" Comptroller to Government.

SR/4